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NEWSLETTER

LATEST NEWS FROM CHINA



Newsletter

Latest news from China
Issue n.5 – May 2017

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1. Commercial Health Insurance: Tax Deductions to be Expanded Nationwide

News Category: Tax

Cai Shui [2017] No. 39

Title: *Circular on Expanding the Pilot Policy of Individual Income Tax on Commercial Health Insurance for Nationwide Implementation ("Circular 39")*

Promulgator: MOF; SAT; CIRC

Promulgation Date: April 28th, 2017

Effective Date: July 1st, 2017

On July 1st, 2017, the pilot policy of individual income tax on commercial health insurance will be expanded to all places in China.

The Circular - jointly distributed by the Ministry of Finance ("MOF"), the State of Administration of Taxation ("SAT"), and the China Insurance Regulatory Commission ("CIRC") - further details that the expenditures of individuals for purchasing commercial health insurance products, that are in compliance with applicable provisions, may be deducted **before** the individual tax when the taxable income amount is calculated for the current year (month); the deductible amount shall be CNY 2,400, or CNY 200 per month, at most in each year. Furthermore, in cases where the employer purchases commercial health insurance for its employees in a unified manner or in cases where the employer and employee share the relative expenses, the part of that expenses borne by the employer shall be included in the employee's detailed salary list, meaning that the insurance will be deemed individually purchased by the employee. As such the expenses may be deducted monthly within the limit of CNY 200.

The new tax policy will be enjoyed by individuals who obtain income from wages and salaries, individual business owners, investors of sole proprietorship enterprises, partners of

partnership firms and contracting operators. Based on the calculations of relevant investment banks, the tax cuts on individual commercial health insurance are attractive in design as they guarantee reasonable pricing for taxpayers. This individual tax cut on commercial health insurance is believed to be reflective of a multi-layered medical guarantee system consisting of commercial health insurance and basic medical insurance.

You can read the complete news at:

http://szs.mof.gov.cn/zhengwuxinxi/zhengcefabu/201705/t20170502_2591715.html

2. Consolidating Value-Added Tax: 13% Bracket Cut

News Category: Tax
Cai Shui [2017] No. 37
Title: *Circular on Policies for Simplifying and Consolidating Value-Added Tax Rates ("Circular 37")*
Promulgator: MOF; SAT
Promulgation Date: April 28th, 2017
Effective Date: July 1st, 2017

Starting on July 1st, the structure of consolidating Value-Added Tax ("VAT") will be simplified, and the 13% VAT rate will be cancelled. Instead, a taxpayer that sells or imports such goods as liquefied petroleum gas, segmented pork, drinking water, etc. will be subject to 11% VAT rate. For all goods listed in Annex II of the Circular 37, which can be accessed by clicking the complete news link below, the export rebate rate will be adjusted to 11%. Circular 37 also clarifies VAT for taxpayers purchasing agricultural products.

The VAT amount will be the same as the input tax amount. This amount can be found on the special VAT invoice or *Customs Form of Import VAT*. Furthermore, when a small-scale taxpayer that calculates its VAT at the 3% tax rate issues a special VAT invoice, the input tax will be calculated at the 11% deduction rate. Thus, any foreign trader that exports goods listed in the Annex II mentioned above, prior to August 31st, 2017, qualifies for 13% export tax refund. Traders that have paid VAT at the 11% rate qualify for 11% refund. Further information on special VAT invoice can be found in our [March Newsletter](#).

This change is part of [the large move made by the Ministry of Finance and State of Administration of Taxation to replace business tax with VAT](#). The measure changes the existing structure of four existing VAT brackets, reducing the number of brackets to only three, to which the following VAT rates apply: 17%, 11%, and 6%.

You can read the complete news at:

http://szs.mof.gov.cn/zhengwuxinxi/zhengcefabu/201705/t20170502_2591609.html

3. R&D Extra Pre-Tax Deductions Set to Increase

News Category: Tax
Cai Shui [2017] No. 34; SAT Announcement [2017] No. 12
Titles: *Circular on Increasing the Proportion of Extra Pre-tax Deductions of Research and Development Costs for Medium- and Small-sized Tech Firms ("Circular 34")*; *Announcement on Issues concerning the Declaration of Enterprise Income Tax Based on the Extra Pre-tax Deduction Policy for Corporate Research and Development Costs in 2016 ("Announcement 12")*
Promulgator: MOF; SAT; MST
Promulgation Date: May 2nd, 2017
Effective Date: January 1st, 2017

The Ministry of Finance (MOF), the State Administration of Taxation (SAT), and the Ministry of Science and Technology (MST) published Circular 34, stating that the amount deductible for research and development ("R&D") expenses in small and medium sized tech firms will be increased by 75%, from 50% previously allowed. Meaning that, starting from January 1st, 2017 and until December 31st, 2019, an additional 75% of R&D incurred costs can be deducted before Enterprise Income Tax ("EIT"). Additionally, in any circumstance where any intangible asset has been formed and balanced into gains and losses, relative costs can be amortized at 175% rate during the time period equivalent to that for the creation of the intangible asset.

Circular 34 states that all other pre-tax deductions are subject to the provisions from the *Circular on Improving the Policy on Extra Pre-Tax Deduction of Research and Development Expenses*, details of which can be found in our [January Newsletter](#).

Following Circular 34, SAT issued the related Announcement 12 with further clarifications, whereby it is provided that enterprises that qualify for the above-mentioned extra pre-tax deduction policy must compose the *Schedule of the Super Deduction Situation of the R&D Expenses of the R&D Projects* ("Schedule of the Situation") as an attachment in accordance with Item 1 of Article 6 of Announcement No.97. Enterprises that compose this schedule will then fill out the rest of their *Annual Tax Return* with the *Actual Total Super Deduction in the Current Period* instead of the *Sum of the Super Deduction of the R&D Expenses of the Current Year*. Announcement 12 also applies to the final settlement of EIT FY2016.

You can read the complete news at:

http://szs.mof.gov.cn/zhengwuxinxi/zhengcefabu/201705/t20170502_2591722.html

<http://www.ahwh-tax.gov.cn/wuhu/zcfg/zxwj/qysds/1493913600906338.htm>

4. Value-Added Tax Arrangements on Mixed Sales Redefined

News Category: Tax

SAT Announcement [2017] No. 11

Title: *Announcement of the State Administration of Taxation on Further Clarifying Matters on Tax Collection and Administration for the Program of Collecting Value-added Tax in lieu of Business Tax ("Announcement 11")*

Promulgator: SAT

Promulgation Date: April 20th, 2017

Effective Date: May 1st, 2017

Announcement 11 further clarifies the transition from Business Tax to VAT.

Beginning May 1st, VAT on construction and installation services where the taxpayer sells self-produced goods such as portable dwellings, machines, equipment and steel made structural components, an agreement to provide such services, or where a taxpayer provides such services in multiple counties in the same prefectural administrative area, the sales will **no longer** be considered **mixed sales**. However, because sales volume of goods and construction services are taxed differently, those sales must still be considered mixed sales. Where taxpayers provide plant conservation services, the relevant VAT shall be paid as "Other Life Services". A more rigorous definition of mixed sales and a synopsis of the different tax rates can be found in [Cai Shui \[2016\] No. 36](#) or in our [May 2016 Newsletter](#).

Announcement 11 also states that bank card issuers, clearing agencies and acquirers must provide inter-agency capital liquidation services with the following regulations:

1. Bank card issuers shall consider bank service fees charged to bank card acquirers as their sales volume. This volume shall then be used to issue VAT invoices.

2. Bank card clearing agencies shall consider their network service fee as their sales volume. This volume must then be used to issue VAT invoices.
3. Bank card acquirers shall consider their acquiring service fee as their sales volume. This volume must then be used to issue VAT invoices.

Announcement 11 further specifies that cases of real-name taxation under CNY 100,000 shall be handled in under two days. Starting June 1st, 2017, the construction industry will also begin issuing special VAT invoices by small-scale value-added taxpayers, this is for small-scale with monthly sales exceeding CNY 30,000. In such case, taxpayers shall still apply to the local tax authorities and pay appropriate taxes.

Lastly, the Announcement 11 clarifies that beginning July 1st, 2017, special VAT invoices for the sale of motor vehicles obtained by VAT taxpayers must be validated on the VAT platform within 360 days of invoicing.

You can read the complete news at:

<http://www.chinatax.gov.cn/n810341/n810755/c2567296/content.html>

5. SAT Provides Tax Risk Warning Service

News Category: Tax

SAT Announcement [2017] No. 10

Title: *Announcement of the State Administration of Taxation on Matters concerning Providing Taxpayers with Risk Warning Service on Enterprise Income Taxation Policies ("Announcement 10")*

Promulgator: SAT

Promulgation Date: April 18th, 2017

Effective Date: April 18th, 2017

The State Administration of Taxation (SAT) recently issued their Announcement 10 stating that the administration has decided to provide taxpayers with a *Risk Warning Service*. Specifically, this means that when taxpayers pay their final settlement of Enterprise Income Tax, **the SAT will give a risk warning service in terms of tax calculation logic, rationality of the declared data, relevance of taxation to financial indicators, etc.**

The risk warning service on taxation policies is designed for resident taxpayers who are subject to taxation by assessment and file tax returns on the Internet.

Steps for setting up and using this service:

1. The taxpayer shall send a request online by clicking the "Risk Warning Services" once it has filled out and submitted the *Annual Enterprise Income Tax Return*;
2. The taxpayer shall then choose what information to fill out when prompted (it is always possible to go back into the system and change information if necessary);
3. The Risk Warning Service will then audit the taxpayer's information and assess the presence of any issue.

4. Where issues are found, it is possible to repeat step 2 after making the suggested changes.

The SAT has developed the *Risk Warning Service* as an optional part of their effort in streamlining administration, delegating power, strengthening regulation and improving services in taxation agencies.

You can read the complete news at:

http://alr.xj-n-tax.gov.cn/zwgk/ssgg/201704/t20170420_401314.html

6. Innovation and Entrepreneurship: SAT Releases Tax Incentive Guide

News Category: Tax

SAT Guide

Promulgator: SAT

Promulgation Date: April 21th, 2017

Effective Date: N/A

The State Administration of Taxation (SAT), on April 21st, 2017, released a **guide to tax incentives and preferential tax treatment for entrepreneurs**. The guide consists of **77 tax incentives**, 67 of which were introduced in 2013. The guide breaks down the tax incentives in a chronological order of enterprises' general lifecycle beginning in the start-up stage, to the growing stage, and finally to the mature stage. The outline below highlights the major incentives for each of the developmental stages.

- ❖ *Start-up Stage* incentives include:
 - Small enterprises
 - Entrepreneurship and employment of key groups
 - Platforms for entrepreneurship and innovation
 - Venture capital enterprises and financial institutions providing funds and non-monetary asset investment
- ❖ *Growing Stage* incentives include:
 - R&D expenses
 - Fixed Assets
 - Enterprises purchasing eligible capital
 - Scientific and Technological deliverables
 - Scientific Research

- ❖ *Mature Stage* incentives include:
 - High and New Technology Enterprises
 - Software
 - Animation
 - Integrated Circuits
 - Development of Large Aircrafts

You can read the complete news at:

<http://www.chinatax.gov.cn/n810341/n810755/c2576894/content.html>

7. NDRC No Longer Accepting Applications for Use of Imported Crude Oil

News Category: Customs

Fa Gai Yun Xing [2017] No. 791

Title: *Circular of the National Development and Reform Commission on Matters concerning Crude Oil Processing Enterprises' Declaration of the Use of Imported Crude Oil ("Circular 791")*

Promulgator: NDRC

Promulgation Date: April 27th, 2017

Effective Date: May 5th, 2017

Beginning May 5th, 2017, the National Development and Reform Commission (NDRC) is no longer accepting applications by oil enterprises for the use of imported crude oil. All applications submitted before May 4th, 2017 will still be reviewed and evaluated. All enterprises that have already been given approval must continue to abide by the industrial policies as well as maintain the minimum crude oil inventory, and continue to report all information on crude oil import and usage. These enterprises **are not allowed to** construct new refining facilities or rebuild facilities without explicit approval.

Lastly, the NDRC announced that competent authorities will be taking measures to eradicate illegal production and usage of crude oil and will impose penalties in accordance with the law on those who engage in the violation of these regulations.

You can read the complete news at:

http://www.ndrc.gov.cn/gzdt/201704/t20170427_845786.html

8. China Allows New Fruits Imports: Italian Citrus and Costa Rican Pineapples

News Category: Customs

Title: *Updated List of Approved Fruit Imports from Specific Regions to China (11 May 2017 update)*





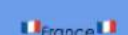




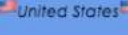
Promulgator: AQSIQ

Promulgation Date: May 11th, 2017

Effective Date: May 11th, 2017

On May 11th, 2017, the Chinese General Administration of Quality Inspection updated its list of **approved fruit imports to include Costa Rican pineapples, and Italian citrus fruits**. The first list of approval was published in 2016, granting approval for 52 kinds of fruit from 43 countries and regions.

The most recent update of this list includes approvals for the following countries: Argentina, Australia, Belgium, Canada, Chile, Colombia, Costa Rica, Cyprus, Ecuador, Egypt, France, Greece, Holland, India, Indonesia, Israel, Italy, Japan, Kyrgyzstan, Laos, Malaysia, Mexico, Morocco, Myanmar, Nepal, New Zealand, North Korea, Pakistan, Panama, Peru, Philippines, Poland, South Africa, South Korea, Spain, Sri Lanka, Taiwan, Tajikistan, Thailand, Turkey, United States, Uruguay, and Vietnam. See the table for specific imports for particular countries.

Country	Permitted Fruit Imports
 Argentina	Orange (<i>Citrus sinensis</i>), Grapefruit (<i>Citrus paradisi</i>), Mandarin (<i>Citrus reticulata</i> , and its hybrid species), Apple (<i>Malus domestica</i>), Pear (<i>Pyrus communis</i>), Grape (<i>Vitis vinifera</i>)*
 Belgium	Pear (<i>Pyrus communis</i>)
 Canada	Cherry (<i>Prunus avium</i>), Blueberry (<i>Vaccinium</i> spp.)
 Chile	Kiwi fruit (<i>Actinidia chinensis</i> , <i>Actinidia deliciosa</i>), Apple (<i>Malus domestica</i>), Grape (<i>Vitis vinifera</i>), Plum (<i>Prunus salicina</i> , <i>Prunus domestica</i>), Cherry (<i>Prunus avium</i>), Blueberry (<i>Vaccinium</i> spp.), Avocado (<i>Persea americana</i>), Nectarine (<i>Prunus persica</i> var. nectarine)
 France	Apple (<i>Malus domestica</i>), Kiwi fruit (<i>Actinidia chinensis</i> , <i>Actinidia deliciosa</i>)
 Italy	Kiwi fruit (<i>Actinidia chinensis</i> , <i>Actinidia deliciosa</i>), Orange (<i>Citrus sinensis</i> cv. Tarocco, cv. Sanguinella, cv. Moro), Lemon (<i>Citrus limon</i> cv. Femminello comune)
 Mexico	Avocado (<i>Persea americana</i> Var. Hass), Grape (<i>Vitis vinifera</i>), Blackberry (<i>Rubus ulmifolius</i>), Raspberry (<i>Rubus idaeus</i>), Blueberry (<i>Vaccinium</i> spp.)
 Peru	Grape (<i>Vitis vinifera</i>), Mango (<i>Mangifera indica</i>), Citrus (Grapefruit (<i>Citrus × paradisi</i>), Mandarin (<i>Citrus reticulata</i>) and its hybrid species, Orange (<i>Citrus sinensis</i>), Key lime (<i>Citrus aurantifolia</i>) and Tahiti lime (<i>Citrus latifolia</i>)), Avocado (<i>Persea americana</i>), Blueberry (<i>Vaccinium</i> spp.)
 Poland	Apple (<i>Malus domestica</i>)
 United States	Plum (<i>Prunus salicina</i> , <i>Prunus domestica</i>), Cherry (<i>Prunus avium</i>), Grape (<i>Vitis vinifera</i>), Apple (<i>Malus domestica</i>), Citrus (<i>Citrus</i> spp.), Pear (<i>Pyrus communis</i>), Strawberry (<i>Fragaria</i>)

In order for exporters / importers to be cleared to sell the newly approved goods, they must get the AQSIQ approval by completing a series of official procedures. The first step is to submit a written application to AQSIQ, providing the necessary technical information. Following this step AQSIQ may set up a group to start the access procedures to conduct pest risk analysis. Then, if necessary, they will carry out an on-site quarantine inspection during harvest season. In order to gain approval for their exports of pineapples and citrus fruits, this process was most recently undergone by 19 Costa Rican companies and 3 Italian companies.

You can read the full news at:

http://dzwjyigs.aqsiq.gov.cn/zwgk/zwjyiy/ijzwjcp/dwy_cwz/201705/t20170511_488333.htm

9. China Takes Steps to Streamline Administration: Effort to Encourage Growth

News Category: Corporate/Legal

Shang Zheng Fa [2017] No.125

Title: *Several Opinions of the Ministry of Commerce, National Development and Reform Commission, the People's Bank of China, the General Administration of Customs and the General Administration of Quality Supervision, Inspection and Quarantine on Further Promoting New Open Economic System Comprehensive Pilot and Experimental Programs ("Joint Opinions 125")*

Promulgators: MOFCOM; NDRC; PBOC; GAC; GAQSIQ

Promulgation Date: April 7th, 2017

Effective Date: April 7th, 2017

In May of 2016, the promulgators committed to the new open economy system. The system was designed to enhance the coordination of top-down design and grassroots exploration and facilitate achieving more noticeable effect in the 12 pilot regions: Hebei, Liaoning, Shanghai, Jiangsu, Fujian, Jiangxi, Shandong, Hubei, Guangdong, Guangxi, Chongqing and Shaanxi Province (jointly, "Pilot Regions").

Recently, the promulgators met to reaffirm and clarify their intents, released in **13 commitments** with the purpose of strengthening the overall planning of top level design and basic level exploration and promoting greater achievements of pilot tests.

Briefly, the noticeable commitments are:

- 1) Rely on special customs supervision areas in Pilot Regions, innovate customs affair guarantee models, and employ diversified tax guarantee models in an effort to support e-commerce.
- 2) Faster customs clearances in the Pilot Regions.

- 3) Permit cleared enterprises to conduct bonded oil supply business with international vessels.
- 4) Support the acceleration in the construction of local credit information sharing platforms by optimizing the regulatory model.
- 5) Encourage faster registration for the service providers, from Hong Kong and Macao, investing in service and trading areas.
- 6) Facilitate the establishment of branches of foreign banks and joint-ventured banks by private capital and foreign financial institutions in the Pilot Regions.
- 7) Overseas parent company of qualified enterprises in the Pilot Regions may be permitted to issue RMB bonds within the territory of China and the qualified multinational conglomerates in Pilot Regions shall be allowed to conduct cross-border RMB two-way cash pooling business.
- 8) Relax restrictions on the establishment of a credit investigation company by the service providers from Hong Kong and Macao.
- 9) Support the local governments in the Pilot Regions to construct the frontier experimental tourist areas and cross-border tourist cooperative area.

You can read the full news at:

<http://www.mofcom.gov.cn/article/b/fwzl/201704/20170402556980.shtml>

10. Foreign Investment in the Civil Aviation Industry: China Issues Further Provisions

News Category: Corporate/Legal
Order of the Ministry of Transport [2017] No.6
Title: *Supplementary Provisions to the Provisions on Foreign Investment in the Civil Aviation Industry (VI)*
Promulgator: MOT; MOFCOM; NDRC
Promulgation Date: April 1st, 2017
Effective Date: May 1st, 2017

On April 1st, 2017, the Ministry of Transport (MOT), Ministry of Commerce (MOC) and the National Development and Reform Commission (NDRC) made the following supplementary provisions concerning foreign investment in civil aviation industry.

1. Hong Kong and Macao service providers are **now allowed** to invest in projects related to aircraft maintenance, inflight food, air cargo warehousing, parking lots, and ground services. The requirement that these providers must also pass an economic demand test to obtain the proper business permit for incorporating a Computer Reservation System ("CRS") enterprise of joint venture is now **cancelled**.
2. Foreign merchants are **now allowed** to set up air transportation sales agencies of sole proprietorship within certain pilot free trade zones, including the Shanghai zone. The restriction that foreign investment in maintenance of general aircrafts shall be controlled by Chinese shareholders will be eased, and foreign merchants will be allowed to invest by setting up a joint venture.

Additionally, the requirement that foreign aircraft maintenance merchants must also undertake business in international maintenance market is **eliminated**.

You can read the full news at:

http://zizhan.mot.gov.cn/zfxxgk/bnssj/zcfqs/201704/t20170425_2195166.html

11. SPC Gives Outline for Protection of Intellectual Property in China

News Category: Legal

Title: *Outline of the Juridical Protection of Intellectual Property in China*

Promulgator: SPC

Promulgation Date: April 20th, 2017

Effective Date: April 20th, 2017

The Supreme People's Court ("SPC") announced that in 2016, **China solved a total of 171,708 intellectual property rights cases**. This number is a **21% increase** from the previous year. Along with this announcement, the SPC released an Outline of the Juridical Protection of Intellectual Property in China. This outline is the SPC's response to a massive wave of entrepreneurship and innovation.

The Outline states the SPC's plan to strengthen the juridical protection of intellectual property, fully realize the value of intellectual property, encourage the creation, transformation and application of innovative achievements and provide judicial safeguards for building an intellectual property power and a world technical power.

The Outline lists basic principles, major objectives, and key objectives that focus on building and improving intellectual property court systems to rigorously afford protection of intellectual property. One objective is to establish a high-quality cadre of judges as well as a long-term plan for international judicial cooperation. This objective follows a previous release of an outline on the judicial protection of IPR between 2016 and 2020.

You can read the full news at:

http://rmfyb.chinacourt.org/paper/html/2017-04/25/content_124790.htm?div=-1

12. NDRC Increasing Efforts to Abolish Illegal Charges to Enterprises

News Category: Corporate/Legal

Fa Gai Dian [2017] No. 303

Title: *Circular on Initiating Inspections over Enterprise-related Charges ("Circular 303")*

Promulgator: NDRC

Promulgation Date: May 8th, 2017

Effective Date: May 8th, 2017

Circular 303 was released recently to clarify that the National Development and Reform Commission (NDRC) will be investigating charges issued from January 1st, 2016 until today in particular fields. These fields include the administrative **approval intermediary services, associations and chambers of commerce for various industries, finance, e-government platforms, and construction**. Additionally, in cases where the violating act is ongoing, the charges will be traced back to the date when the violating act first occurred.

In particular, Circular 303 states that investigations will focus on any failure to implement policies on preferential charges, such as the suspension of certain charges, exemption from certain charges, collection of charges at half-rate, reduction of fee-charging standards, and practices of charging operational service items bundled with statutory responsibilities. In regard to fees charged **by** financial institutions, Circular 303 claims that investigations will focus on acts of charging fees in a forceful manner, bundling fees with loans, charging fees while refusing to provide service, charging fees beyond the required scope, charging fees at shifting rates, refusing to implement government-guided prices, handling the acceptance of a bill by exchange of force, and the act of driving up financial costs by taking advantage of bridge loans.

These measures are being taken by the NDRC are meant to promote the optimization of the real economy and to optimize the real economic development environment. Since 2013, in coordination with the Central Committee and State Council, the NDRC has been organizing special inspection of enterprises involved in charges and investigating numerous illegal acts of illegal fees in efforts to reduce the burden on enterprises.

You can read the full news at:

http://www.sdpc.gov.cn/gzdt/201705/t20170509_846897.html

13. New Cyber-Security Law To Take Effect June 1st, 2017

News Category: Corporate/Legal

Standing Committee of 12th National People's Congress; Order of the President No. 53 [2017]

Title: *Cyber Security Law of the People's Republic of China*

Promulgator: National People's Congress; President

Promulgation Date: November 7th, 2016

Effective Date: June 1st, 2017

On November 7th, 2016, the Cyber Security Law of the People's Republic of China was adopted by vote at the 24th Session of the Standing Committee of the 12th National People's Congress, and was issued with approval under the Order of the President No. 53. The law will come into effect on June 1st, 2017.

The Cyber Security Law, 7 chapters and 79 articles, specifies the security obligations for providers of network products and services, as well as network operators. The law states that network providers that collect user information must expressly inform users of the collection and also obtain consent. Additionally, providers **shall not** reveal, falsify, or destroy and personal information they collect.

The Law states that no individual or entity may steal any personal information or access the information by illegal means or trade personal information to others. The Law also creates a security protection system for core information infrastructures, including rules to export important data across borders through said infrastructures, and clarifies the measures to be taken in case of major emergencies.

Stay tuned for a Special Topic Newsletter to be released later this month, that will clarify and address the specific aspects of the new law.

You can read the full law at:

http://www.npc.gov.cn/npc/xinwen/2016-11/07/content_2001605.htm

14. Guangdong Issues Measures for Settling Labor and Personnel Disputes

News Category: HR

Guangdong Province People's Government Order No. 234

Title: *Measures of Guangdong Province for Settling Labor and Personnel Disputes*

Promulgator: People's Government of Guangdong Province

Promulgation Date: March 16th, 2017

Effective Date: May 1st, 2017

As of May 1st, 2017, the People's Government of Guangdong Province has enacted the *Measures of Guangdong Province for Settling Labor and Personnel Disputes*. These measures state that in circumstances where an employer is unable to continue fulfilling the labor contract, as a result from a change in production or operation, then the employer shall make relevant working plans. If a dispute arises, **the concerned party may apply to the Mediation Organization for Labor and Personnel Disputes for help reaching a compromise.**

Additionally, legally established mediation organizations for labor disputes are allowed to aid in resolving labor disputes. When the concerned party applies to the arbitration institution for examining and confirming the mediation agreement, both parties, the employer and employees, must be present and submit the application along with their own original copy of the mediation agreement, identity certification, qualification certification, and other evidence that is connected to the mediation. In these cases, the arbitration institution shall create an arbitral tribunal and subject each case to an exclusive tribunal.

You can read the full news at:

http://zwgk.gd.gov.cn/006939748/201704/t20170413_700639.html

15. Shanghai, Shenzhen, Four Other Provinces Commit to Raising Minimum Wages in 2017

News Category: HR

Shanghai Human Resources and Social Security Bureau
Press Release [2017]

Shenzhen Human Resources and Social Security
Bureau Press Release No. 5 [2017]

Title: *Six Provinces Commit to Raising Minimum Wages
in 2017*

Promulgators: Shanghai Human Resources and Social
Security Bureau, Shenzhen Human Resources and
Social Security Bureau

Promulgation Dates: April 1st, 2017; March 27th, 2017

Effective Dates: April 1st, 2017; June 1st, 2017

So far, 2017 has brought minimum **wage increases to six of China's Provinces: Shanghai, Shaanxi, Anhui, Shenzhen, Taiyuan, and Tianjin.**

The Shanghai Human Resources and Social Security Bureau has **increased its monthly minimum wage from 2190 yuan to 2300** and **hourly minimum wage from 19 yuan to 20 yuan.** The monthly minimum wage applies to full-time employment of workers, whereas the hourly minimum wage applies to part-time employees.

The Human Resources and Social Security Administration of Shenzhen announced on April 1st, 2017 that they **increased its monthly minimum wage to 2130 yuan and hourly minimum wage to 19.5 yuan.** These changes will be enacted on June 1st, 2017.

Shaanxi, Anhui, Taiyuan, and Tianjin have all announced that they plan to increase minimum wages and strengthen working conditions by granting paid leave in certain circumstances, however, specific numbers have yet to be released.

Despite these increases, the percentage change of annual minimum wage increase is falling. **This 5% increase is the smallest Shanghai has seen in the past five years.** The decrease is in response to government statements to reign in minimum wage increases in efforts to preserve market competitiveness.

You can read the full news at:

http://www.szhrrss.gov.cn/tzgg/201704/t20170405_6115409.htm

http://www.12333sh.gov.cn/201412333/xwzx/zxd/201703/t20170331_1253344.shtml

16. Now Regulated: Local Office's Management of Overseas NGO's

News Category: Treasury/ Foreign Exchange

Yin Fa [2017] No.90

Title: *Circular on Doing Well in Managing the Renminbi Bank Accounts Opened by Representative Offices of Overseas Non-Governmental Organizations* ("Circular 90")

Promulgator: PBC; MPS

Promulgation Date: April 23rd, 2017

Effective Date: April 23rd, 2017

Recently released by the People's Bank of China (PBOC) and the Ministry of Public Security (MPS), Circular 90 states that in cases where the representative office in China of an overseas NGO's manages its RMB bank account affairs at a banking financial institution, it shall present both the *Registration Certificate* issued to the *Representative Office of an Overseas Non-Governmental Organization* and the representative office's tax registration certificate. Additionally, if the name of such representative office changes or when relevant formalities for updating the relative bank account information are handled, the certification issued by the public security organ granting the name change shall also be presented.

Starting from January 1st, 2018, if an overseas NGO and its representative office have already opened an RMB bank account, but have not yet received the above stated certificates, the bank concerned will only allow the bank account to receive payments, and no payments will be allowed from the bank account until after a certificate has been acquired.

This regulation follows up on the Management of Foreign Non-Government Organizations Activities in China Law that took effect January 1st, 2017. The law and, subsequently, Circular 90, are part of a relatively new Chinese effort to officiate and regulate overseas NGOs, as before this law, there were no uniform rules to govern such organizations.

You can read the full news at:

<http://www.pbc.gov.cn/zhengwugongkai/127924/128038/128109/3300353/index.html>

17. IRD Announces Proposed Budget/ Taxation Changes

News Category: Hong Kong

Title: *Hong Kong Inland Revenue Department Press Release*

Promulgators: IRD of Hong Kong

Promulgation Date: May 2nd, 2017

Effective Dates: May 2nd, 2017

The Hong Kong Inland Revenue Department (“IRD”) sent out an **estimated 2.6 million tax returns for individuals** on May 2nd, 2017.

In addition to the tax returns, the IRD announced a proposal for budget changes. The Financial Secretary proposed to increase the marginal tax bands for salaries tax, an increase to the disabled dependent allowance and dependent brother or sister allowance, to increase the deduction ceiling for self-education expenses, an extension of the entitlement period for home loan interest deduction, and a 75% reduction of the profits, salaries, and personal assessment taxes for the year of 2016-2017 with a ceiling of \$20,000 per case. The Government of Hong Kong has started the law amendment process for these changes. After enactment of the proposed legislation, the IRD will instate these tax measures for the 2016-2017 tax returns.

However, the IRD also requested taxpayers to complete this year’s tax return as usual. Taxpayers were reminded that they can visit the [IRD’s website](#) to view instructions on how to complete tax returns.

You can read the full news at:

<http://www.ird.gov.hk/eng/ppr/archives/17050201.htm>

The information provided by this newsletter does not purport to be comprehensive and is for general information only. The newsletter is not intended to convey or constitute professional advice. You should not act upon any such information without first seeking qualified professional counsel on your specific matter.

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